



**Shareholder Commentary**  
**December 31, 2008**



Our cover icon represents the underpinnings of Gabelli. The Teton mountains in Wyoming represent what we believe in in America – that creativity, ingenuity, hard work, and a global uniqueness provide enduring values. They also stand out in an increasingly complex, interconnected, and interdependent economic world.

**Investment Objective:**

The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust is a non-diversified, closed-end management investment company whose investment objective is long-term growth of capital. The Fund seeks opportunities for long-term growth presented in the healthcare and wellness industries.

We have separated the portfolio managers' commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio managers' commentary is unrestricted. The financial statements and investment portfolio are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at [www.gabelli.com](http://www.gabelli.com).

**This report is printed on recycled paper.**

## To Our Shareholders,

Thank you for your investment in The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust (the “Fund”).

The Fund’s net asset value (“NAV”) total return was –14.7% during the fourth quarter of 2008, compared with declines of 12.1% and 12.8% for the Standard & Poor’s (“S&P”) 500 Health Care Index and the S&P 500 Consumer Staples Index, respectively. The total return for the Fund’s publicly traded shares was –9.6% during the fourth quarter. On December 31, 2008, the Fund’s NAV per share was \$6.21, while the price of the publicly traded shares closed at \$5.01 on the New York Stock Exchange (“NYSE”).



**THE GABELLI**  
**HEALTHCARE &**  
**WELLNESS<sup>Rx</sup> TRUST**

## Comparative Results

### Average Annual Returns through December 31, 2008 (a)

	<u>Quarter</u>	<u>1 Year</u>	<u>Since Inception (06/28/07)</u>
<b>Gabelli Healthcare &amp; Wellness<sup>Rx</sup> Trust</b>			
NAV Total Return (b) .....	<b>(14.70)%</b>	<b>(22.03)%</b>	<b>(21.25)%</b>
Investment Total Return (c) .....	<b>(9.63)</b>	<b>(28.63)</b>	<b>(36.30)</b>
S&P 500 Index .....	(21.95)	(36.99)	(27.17)(d)
S&P 500 Health Care Index .....	(12.10)	(22.81)	(15.46)
S&P 500 Consumer Staples Index .....	(12.83)	(15.43)	(5.41)

(a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit [www.gabelli.com](http://www.gabelli.com) for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The S&P 500 Index is an unmanaged indicator of stock market performance. The S&P 500 Health Care Index is an unmanaged indicator of health care equipment and services, pharmaceuticals, biotechnology and life sciences stock performance. The S&P 500 Consumer Staples Index is an unmanaged indicator of food and staples retailing, food, beverage and tobacco, and household and personal products stock performance. Dividends are considered reinvested. You cannot invest directly in an index.

(b) Total returns and average annual returns reflect changes in the net asset value (“NAV”) per share and reinvestment of distributions at NAV on the ex-dividend date and are net of expenses. Since inception return is based on an initial NAV of \$8.00.

(c) Total returns and average annual returns reflect changes in closing market values on the New York Stock Exchange and reinvestment of distributions. Since inception return is based on an initial offering price of \$8.00.

(d) From June 30, 2007, the date closest to the Fund’s inception for which data is available.

## **Our Approach**

The Fund focuses specifically on investing in two long-term trends: the aging of the population, which is driving sustained rapid increases in healthcare expenditures; and consumers, who are increasingly taking their health into their own hands through improved diet and exercise. As the baby boomer generation ages, we anticipate that spending in these areas will grow faster than the overall economy for many years to come. Today, the United States spends 16% of gross domestic product on healthcare; this number could increase to 20% in the next ten years.

The Fund will invest in equity securities of domestic and foreign companies in the healthcare and wellness industries, specifically, companies that are primarily engaged in providing products, services, and/or equipment related to healthcare, medical, or lifestyle needs. Sector investments may include dental, orthopedics, cardiology, hearing aid, life science, in-vitro diagnostics, medical supplies and products, aesthetics and plastic surgery, veterinary, pharmacy benefits management, healthcare distribution, healthcare imaging, pharmaceuticals, biotechnology, healthcare plans, healthcare services, and healthcare equipment, as well as food, beverages, nutrition, and weight management. The Fund will focus on companies that are growing globally due to favorable demographic trends, while at the same time seeking to invest at a meaningful discount to Private Market Value. We believe the Fund will allow you to participate more directly in the growing investment opportunities presented in these global industries.

## **COMMENTARY**

### **Fourth Quarter Review**

The fourth quarter of 2008 began with steep declines across all worldwide markets and asset classes. The United States economy went into a sharp recession, led by the financial crisis and exacerbated by rapid de-leveraging across the economy, impacting the stock market and hedge funds in particular. These declines appear to have bottomed in November, when the combination of continued interest rate cuts from the Federal Reserve and aggressive fiscal stimulus from the Treasury Department took hold. From that point, the Dow Jones Industrial Average rallied 16% to the end of the year.

Given this high level of uncertainty, we maintain a cautious outlook for the near term. Your Fund continues to be defensively positioned, and it is outperforming the overall market. Our combination of defensive sectors, merger/arbitrage holdings, and cash have all contributed to this outperformance, and we maintain this approach going into 2009. We continue to use current market dynamics to identify new investment opportunities and to add to existing positions at more attractive prices.

We are pleased to report that the deals we discussed in our third quarter commentary have now successfully closed. On December 23, 2008, Teva Pharmaceuticals completed the acquisition of Barr Pharmaceuticals for \$13.6 billion in cash and stock. We continue to hold Teva stock because the outlook for new, cost-saving generic drugs remains bright at least through 2011, due to a combination of branded patent expirations and political favor. On December 30, 2008, King Pharmaceuticals completed its acquisition of Alpharma for \$37 per share in cash. While we had hoped for a price of \$40 or higher, in this difficult credit environment we are happy to see the deal done. In January, two additional deals were announced: Abbott Labs is buying Advanced Medical Optics to enter the Ophthalmology sector, and Pfizer agreed to acquire Wyeth to refill its drug pipeline and diversify its business. We expect to see continued acquisition activity in 2009, especially for strategic deals that do not involve significant amounts of debt financing.

### **Outlook**

Our country has the opportunity to enact major change with the election of Barack Obama as our next president. Healthcare reform is high on that list, although funding for these changes may be limited by the budget deficit and the cost of fiscal stimulus. Obama is focused on expanding health insurance to the nation's forty-seven million uninsured Americans through the current employer based system. Medicaid programs will likely expand, especially to cover uninsured children. Individuals will be encouraged or even required to buy insurance, aided by tax credits and outright subsidies. These proposals would benefit insurance companies such as Aetna and

UnitedHealth through higher membership and would benefit hospitals through lower bad debt expense. Obama has also proposed spending \$10 billion per year for five years on electronic medical records and technology systems, such as e-prescribing, to improve healthcare quality and lower its cost through improved efficiency. Beneficiaries should include software companies such as Quality Systems and McKesson, and pharmacy benefits managers like CVS/Caremark, who should profit from lower administrative costs and additional generic drugs. On the negative side, we see increased regulation for most of the major players, with large pharmaceutical companies bearing the brunt of the pressure for their pricing and marketing tactics. Overall, we view Obama's proposals as generally positive for 2009, as many of these programs will result in extra healthcare spending in the near term. However, greater government involvement could bring greater risks down the road.

Two main factors cause us to be optimistic about our food and beverage holdings in 2009. First, input costs have declined substantially from their highs in mid 2008, which should provide a margin benefit to producers who had raised prices several times in order to cover their costs. Second, the sharp decline in gas prices, combined with any future economic stimulus, provides some relief to cash strapped consumers, who may have cut back somewhat on their purchases or traded down to private label goods. As these factors take hold, we believe that consumers will continue their long term trend toward wellness oriented food and beverage products, resulting in continued sales growth for many companies in the Fund.

### **Let's Talk Stocks**

The following are stock specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. The share prices of the following holdings are stated in U.S. dollars or U.S. dollar equivalent terms as of December 31, 2008.

*Campbell Soup Co. (CPB - \$30.01 - NYSE)* is the leading soup company in the U.S. The company expanded its line of low sodium soups, which is necessary to make the claim of being a "heart healthy" food. The company also recently expanded distribution for its V8 vegetable juice brand through an agreement with Coca-Cola and will also be adding a line of V8 soups. For long-term growth, CPB is targeting China and Russia, where soup consumption is very high, but most soups are currently prepared from scratch at home. In March 2008, the company sold its Godiva chocolate division for \$850 million, \$600 million of which it will use for share repurchases. CPB increased prices to offset rising input costs in 2008, which should result in better margins going forward as input costs have since declined significantly from their highs.

*Cardinal Health Inc. (CAH - \$34.47 - NYSE)* is one of three major pharmaceutical distributors. It is also a manufacturer of clinical products, including a broad range of medical devices and dispensing technologies. Cardinal has announced plans to spin off its clinical technologies segment, a higher growth and higher margin business that should command a premium multiple in the market when completed in mid 2009. In the short term, however, this division is being impacted by the credit crisis, as hospitals delay many capital equipment purchases to conserve cash. We believe that, combined, the two divisions are worth more than \$50 per share and await the spin-off to unlock shareholder value.

*Covidien Ltd. (COV - \$36.24 - NYSE)* was spun off from Tyco International on June 29, 2007. The company has made eight small strategic deals that have brought new products and technologies into the company, accelerating its growth rate and improving margins. COV has seen an adverse impact from the strengthening dollar, which caused management to reduce guidance during the fourth quarter. However, the company's strong underlying growth continues, and COV is poised to return significant amounts of cash to shareholders later in 2009, probably through a combination of higher dividends and share repurchases.

*General Mills Inc. (GIS - \$60.75 - NYSE)* is a leading producer of packaged foods; its brands include Cheerios, Wheaties, and Total cereals, Yoplait yogurt, Green Giant vegetables, and Progresso soup. The company has been working to make its products healthier by actions such as incorporating whole grains into its cereals and launching probiotic versions of Yoplait. It also continues to develop its organic brands, including Muir Glen for organic tomato products and Cascadian Farm for organic cereals, granola bars, and vegetables. In the U.S., the company has recently

been taking market share in both cereal and yogurt. The company is also benefiting from increasing prices for its products, which should eventually translate into higher margins as input costs are now easing.

*Groupe Danone (BN FP - \$60.02 - Paris Stock Exchange)* is the world's leading yogurt and bottled water producer, with strong brands such as Danone, Activia, Evian, and Volvic. In 2007, the company sold its biscuits business and acquired Numico, a leading baby food and clinical nutrition company. Danone is now a pure play health and wellness company with a growth rate significantly greater than its food and beverage peers. The company has been able to offset escalating dairy input costs through price increases and continues to drive revenue growth with its global "blockbuster" probiotic yogurt brands, such as Activia and Actimel. The company recently sold Frucor, its Australian beverage business, for €600 million, which it will use to reduce debt from the Numico acquisition.

*Inverness Medical Innovations Inc. (IMA - \$18.91 - NYSE)* is a leading worldwide manufacturer of diagnostic tests for conditions ranging from flu to cardiovascular disease to HIV/AIDS. Inverness was built through a series of acquisitions that have left the company with a relatively high amount of debt, about four times annual cash flow. With no major debt maturities before 2014, Inverness can easily repay the debt when it comes due, but in the short term this has contributed to the stock's decline. In the meantime, the company is focused on sustaining high single digit growth and integrating its numerous acquisitions to cut costs and improve margins.

*Nestlé SA (NESN VX - \$39.08 - Swiss Exchange)* is a diversified food manufacturer. The company's broad product portfolio includes coffee, bottled water, infant formula, frozen meals, and pet food. Nestlé has been expanding its health and wellness portfolio and completed acquisitions of Novartis Medical Nutrition and Gerber in 2007. These health focused businesses carry both high margins and strong growth prospects. Through December 2008, the company has repurchased 272 million shares for over CHF 13 billion as part of its CHF 25 billion share repurchase program announced in August 2007. In October, the company posted a healthy 8.9% sales growth for the first nine months of 2008, driven by its nutrition division, with strong performances in infant formula and Jenny Craig.

*Smart Balance Inc. (SMBL - \$6.80 - Nasdaq)* produces a heart healthier "buttery spread" using a patented blend of vegetable oils. The company has since expanded into other products, including milk, "butter blend" sticks, cream cheese, peanut butter, microwave popcorn, cooking oil, mayonnaise, non-stick cooking spray, and cheese. In each category it enters, Smart Balance seeks to develop products that avoid trans fats naturally, balance and reduce saturated fats, total fat, and cholesterol. We expect the current annual revenue growth of 25-30% to continue for the next few years as the company gains market share and increases distribution of new products.

*St. Jude Medical Inc. (STJ - \$32.96 - NYSE)* is a leading manufacturer of cardiovascular devices, including pacemakers, defibrillators, heart valves, and atrial fibrillation devices. St. Jude continues to gain significant market share from its competitors, thanks to its innovative technology and expanded sales force. The company is also developing several new, high growth divisions in atrial fibrillation and neurostimulation that are increasingly contributing to results. Much of this sales growth is coming from international markets impacted by the strengthening dollar, but the company's underlying growth remains solidly in the low teens.

*Vascular Solutions Inc. (VASC - \$9.02 - Nasdaq)* is a micro-cap manufacturer of niche cardiovascular products. Each individual product has the potential to generate several million dollars a year in revenue, which is attractive to Vascular Solutions but not large enough to attract significant competition. With a deep product pipeline and a fixed cost structure, Vascular Solutions is growing sales nearly 20% per year and earnings much faster. Strong third quarter results and a bullish outlook for 2009 made this stock a strong performer in the fourth quarter.

Sincerely,



**Mario J. Gabelli, CFA**  
Portfolio Manager and  
Chief Investment Officer



**Kevin V. Dreyer**  
Associate Portfolio Manager



**Jeffrey J. Jonas, CFA**  
Associate Portfolio Manager

January 16, 2009

**Note:** The views expressed in this Shareholder Commentary reflect those of the Portfolio Managers only through the end of the period stated in this Shareholder Commentary. The Portfolio Managers' views are subject to change at any time based on market and other conditions. The information in this Portfolio Managers' Shareholder Commentary represents the opinions of the individual Portfolio Managers and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Views expressed are those of the Portfolio Managers and may differ from those of other portfolio managers or of the Firm as a whole. This Shareholder Commentary does not constitute an offer of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this Shareholder Commentary has been obtained from sources we believe to be reliable, but cannot be guaranteed.

### **Portfolio Manager Compensation**

Mr. Gabelli's incentive-based, variable compensation structure and dollar amount have been fully disclosed each year since April of 2000 in the annual proxy statement for GAMCO Investors, Inc. (NYSE:GBL). Mr. Gabelli receives no base salary, no annual bonus, and no stock options.

As founder and portfolio manager of The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust, Mr. Gabelli received \$21,157 in calendar year 2007. As beneficial owner, he had \$430,924 invested in The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust as of December 31, 2008, which includes the holdings of GGCP, Inc., GBL's parent holding company.

### **Year-End Distribution**

The Fund paid a year end cash distribution of \$0.05 per share on December 29, 2008 to common shareholders of record on December 22, 2008.

Based on the distribution allocations of the Fund as of December 31, 2008, the total distributions paid in 2008 include approximately 23% from net investment income and 77% from net capital gains. The estimated components of each distribution are provided to shareholders of record in a notice accompanying the distribution and are available on our website ([www.gabelli.com](http://www.gabelli.com)). All shareholders with taxable accounts receive written notification regarding the components and tax treatment for the 2008 distribution in early 2009 via Form 1099-DIV.

### **[www.gabelli.com](http://www.gabelli.com)**

Please visit us on the Internet. Our homepage at [www.gabelli.com](http://www.gabelli.com) contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at [closedend@gabelli.com](mailto:closedend@gabelli.com).

You may sign up for our e-mail alerts at [www.gabelli.com](http://www.gabelli.com) and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

### **e-delivery**

We are pleased to offer electronic delivery of Gabelli Funds documents. Shareholders of our closed-end funds can now elect to receive e-mail announcements regarding available materials, including shareholder commentaries and fund reports. For more information or to register for e-delivery, please visit our website at [www.gabelli.com](http://www.gabelli.com).

#### **Top Ten Holdings December 31, 2008**

UST Inc.  
Dean Foods Co.  
Nestlé SA  
Johnson & Johnson  
Datascop Corp.

General Mills Inc.  
Groupe Danone  
Campbell Soup Co.  
Alpharma Inc.  
ITO EN Ltd.

## **AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS**

### **Enrollment in the Plan**

It is the policy of The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust (the “Fund”) to automatically reinvest dividends. As a “registered” shareholder you automatically become a participant in the Fund’s Automatic Dividend Reinvestment Plan (the “Plan”). The Plan authorizes the Fund to credit common shares to participants upon an income dividend or a capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Fund. Plan participants may send their shares certificates to Computershare Trust Company, N.A. (“Computershare”) to be held in their dividend reinvestment account. Registered shareholders wishing to receive their distribution in cash must submit this request in writing to:

The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust  
c/o Computershare  
P.O. Box 43010  
Providence, RI 02940-3010

Shareholders requesting this cash election must include the shareholder’s name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan, or requesting a copy of the terms of the Plan, may contact Computershare at (800) 336-6983.

If your shares are held in the name of a broker, bank, or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of “street name” and re-registered in your own name. Once registered in your own name your dividends will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in “street name” at participating institutions will have dividends automatically reinvested. Shareholders wishing a cash dividend at such institution must contact their broker to make this change.

The number of shares of common shares distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Fund’s common shares is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued common shares valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Fund’s common shares. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange (“NYSE”) trading day, the next trading day. If the net asset value of the common shares at the time of valuation exceeds the market price of the common shares, participants will receive shares from the Fund valued at market price. If the Fund should declare a dividend or capital gains distribution payable only in cash, Computershare will buy common shares in the open market, or on the NYSE or elsewhere, for the participants’ accounts, except that Computershare will endeavor to terminate purchases in the open market and cause the Fund to issue shares at net asset value if, following the commencement of such purchases, the market value of the common shares exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for federal income tax purposes as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

## **Voluntary Cash Purchase Plan**

The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the Fund. In order to participate in the Voluntary Cash Purchase Plan, shareholders must have their shares registered in their own name.

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to Computershare for investments in the Fund's shares at the then current market price. Shareholders may send an amount from \$250 to \$10,000. Computershare will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. Computershare will charge each shareholder who participates \$0.75, plus a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to Computershare, P.O. Box 43010, Providence, RI 02940-3010 such that Computershare receives such payments approximately 10 days before the 1st and 15th of the month. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by Computershare at least 48 hours before such payment is to be invested.

*Shareholders wishing to liquidate shares held at Computershare* must do so in writing or by telephone. Please submit your request to the above mentioned address or telephone number. Include in your request your name, address, and account number. The cost to liquidate shares is \$2.50 per transaction as well as the brokerage commission incurred. Brokerage charges are expected to be less than the usual brokerage charge for such transactions.

For more information regarding the Dividend Reinvestment Plan and Voluntary Cash Purchase Plan, brochures are available by calling (914) 921-5070 or by writing directly to the Fund.

The Fund reserves the right to amend or terminate the Plans as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by Computershare on at least 90 days written notice to participants in the Plan.

The Annual Meeting of The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust's shareholders will be held on Monday, May 18, 2009 at the Greenwich Library in Greenwich, Connecticut.

## **THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST AND YOUR PERSONAL PRIVACY**

### **Who are we?**

The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust (the “Fund”) is a closed-end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC, which is affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries that provide investment advisory or brokerage services for a variety of clients.

### **What kind of non-public information do we collect about you if you become a shareholder?**

When you purchase shares of the Fund on the New York Stock Exchange, you have the option of registering directly with our transfer agent in order, for example, to participate in our dividend reinvestment plan.

- *Information you give us on your application form.* This could include your name, address, telephone number, social security number, bank account number, and other information.
- *Information about your transactions with us.* This would include information about the shares that you buy or sell; it may also include information about whether you sell or exercise rights that we have issued from time to time. If we hire someone else to provide services—like a transfer agent—we will also have information about the transactions that you conduct through them.

### **What information do we disclose and to whom do we disclose it?**

We do not disclose any non-public personal information about our customers or former customers to anyone other than our affiliates, our service providers who need to know such information, and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its website, [www.sec.gov](http://www.sec.gov).

### **What do we do to protect your personal information?**

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the Fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

**TRUSTEES AND OFFICERS**  
**THE GABELLI HEALTHCARE & WELLNESS<sup>®</sup> TRUST**  
**One Corporate Center, Rye, NY 10580-1422**

***Trustees***

Mario J. Gabelli, CFA  
*Chairman & Chief Executive Officer,*  
*GAMCO Investors, Inc.*

Dr. Thomas E. Bratter  
*President & Founder, John Dewey Academy*

Anthony J. Colavita  
*Attorney-at-Law,*  
*Anthony J. Colavita, P.C.*

James P. Conn  
*Former Managing Director &*  
*Chief Investment Officer,*  
*Financial Security Assurance Holdings Ltd.*

Vincent D. Enright  
*Former Senior Vice President &*  
*Chief Financial Officer,*  
*KeySpan Corp.*

Robert C. Kolodny, MD  
*Physician, Author, and Lecturer,*  
*General Partner of KBS Partnership*

Anthonie C. van Ekris  
*Chairman, BALMAC International, Inc.*

Salvatore J. Zizza  
*Chairman, Zizza & Co., Ltd.*

***Officers***

Bruce N. Alpert  
*Secretary*

Carter W. Austin  
*Vice President*

Peter D. Goldstein  
*Chief Compliance Officer*

Agnes Mullady  
*President and Treasurer*

David I. Schachter  
*Vice President*

Adam E. Tokar  
*Assistant Vice President & Ombudsman*

***Investment Adviser***  
Gabelli Funds, LLC  
One Corporate Center  
Rye, New York 10580-1422

***Custodian***  
The Bank of New York Mellon

***Counsel***  
Willkie Farr & Gallagher LLP

***Transfer Agent and Registrar***  
Computershare Trust Company, N.A.

***Stock Exchange Listing***

NYSE-Symbol:  
Shares Outstanding:

Common  
GRX  
8,474,459

The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading “Specialized Equity Funds,” in Monday’s The Wall Street Journal. It is also listed in Barron’s Mutual Funds/Closed End Funds section under the heading “Specialized Equity Funds.”

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting [www.gabelli.com](http://www.gabelli.com).

For general information about the Gabelli Funds, call **800-GABELLI** (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds’ Internet homepage at: [www.gabelli.com](http://www.gabelli.com), or e-mail us at: [closedend@gabelli.com](mailto:closedend@gabelli.com)

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may, from time to time, purchase its common shares in the open market when the Fund’s shares are trading at a discount of 10% or more from the net asset value of the shares.

# THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST

One Corporate Center, Rye, NY 10580-1422

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e-mail: [closedend@gabelli.com](mailto:closedend@gabelli.com)

GRX Dec/2008

# The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust

Annual Report  
December 31, 2008

## To Our Shareholders,

The Sarbanes-Oxley Act requires a fund's principal executive and financial officers to certify the entire contents of the semi-annual and annual shareholder reports in a filing with the Securities and Exchange Commission on Form N-CSR. This certification would cover the portfolio manager's commentary and subjective opinions if they are attached to or a part of the financial statements. Many of these comments and opinions would be difficult or impossible to certify.

Because we do not want our portfolio managers to eliminate their opinions and/or restrict their commentary to historical facts, we have separated their commentary from the financial statements and investment portfolio and have sent it to you separately. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at [www.gabelli.com](http://www.gabelli.com).

Enclosed are the audited financial statements and the investment portfolio as of December 31, 2008.

## Comparative Results

### Average Annual Returns through December 31, 2008 (a)

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S&P 500 Health Care Index .....	(12.10)	(22.81)	(15.46)
S&P 500 Consumer Staples Index .....	(12.83)	(15.43)	(5.41)

- (a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit [www.gabelli.com](http://www.gabelli.com) for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The S&P 500 Index is an unmanaged indicator of stock market performance. The S&P 500 Health Care Index is an unmanaged indicator of health care equipment and services, pharmaceuticals, biotechnology, and life sciences stock performance. The S&P 500 Consumer Staples Index is an unmanaged indicator of food and staples retailing, food, beverage and tobacco, and household and personal products stock performance. Dividends are considered reinvested. You cannot invest directly in an index.
- (b) Total returns and average annual returns reflect changes in the net asset value ("NAV") per share and reinvestment of distributions at NAV on the ex-dividend date and are net of expenses. Since inception return is based on an initial NAV of \$8.00.
- (c) Total returns and average annual returns reflect changes in closing market values on the New York Stock Exchange and reinvestment of distributions. Since inception return is based on an initial offering price of \$8.00.
- (d) From June 30, 2007, the date closest to the Fund's inception for which data is available.

Sincerely yours,



Agnes Mullady  
President

**THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST**  
**Summary of Portfolio Holdings (Unaudited)**

The following table presents portfolio holdings as a percent of total investments as of December 31, 2008:

Food .....	27.5%	Biotechnology .....	2.3%
Health Care Equipment and Supplies .....	17.4%	Computers and Peripheral .....	0.9%
U.S. Government Obligations .....	14.9%	Chemicals .....	0.7%
Health Care Providers and Services .....	10.5%	Consumer Services and Supplies .....	0.7%
Food and Staples Retailing .....	10.0%	Computer Software and Services .....	0.1%
Pharmaceuticals .....	8.2%		<u>100.0%</u>
Beverages .....	6.8%		

*The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust (the “Fund”) will file a complete schedule of portfolio holdings with the Securities and Exchange Commission (the “SEC”) for the first and third quarters of each fiscal year on Form N-Q, the last of which was filed for the quarter ended September 30, 2008. Shareholders may obtain this information at [www.gabelli.com](http://www.gabelli.com) or by calling the Fund at 800-GABELLI (800-422-3554). The Fund’s Form N-Q is available on the SEC’s website at [www.sec.gov](http://www.sec.gov) and may also be reviewed and copied at the SEC’s Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.*

**Proxy Voting**

The Fund files Form N-PX with its complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. A description of the Fund’s proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; and (iii) visiting the SEC’s website at [www.sec.gov](http://www.sec.gov).



**THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**December 31, 2008**

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Geographic Diversification</u>	<u>% of Market Value</u>	<u>Market Value</u>
<b>COMMON STOCKS (Continued)</b>					
<b>Pharmaceuticals — 8.2%</b>					
11,000	Abbott Laboratories . . . . . \$ 582,962	\$ 587,070	North America . . . . .	83.6%	\$43,629,640
705,600	Genelabs Technologies Inc.† 894,721	910,224	Europe . . . . .	8.3	4,325,255
30,000	Inspire Pharmaceuticals Inc.† 132,501	108,000	Japan . . . . .	6.1	3,180,243
22,000	Johnson & Johnson . . . . . 1,387,793	1,316,260	Latin America . . . . .	1.9	981,973
18,500	Matrixx Initiatives Inc.† . . . . 344,204	305,065	Asia/Pacific . . . . .	0.1	44,515
13,000	Merck & Co. Inc. . . . . . 649,566	395,200	Total Investments . . . . .	<u>100.0%</u>	<u>\$52,161,626</u>
46,000	Pain Therapeutics Inc.† . . . . . 385,459	272,320			
8,781	Teva Pharmaceutical Industries Ltd., ADR . . . . . 369,759	373,799			
	<u>4,746,965</u>	<u>4,267,938</u>			
<b>TOTAL COMMON STOCKS . . . . .</b>					
	<u>56,586,870</u>	<u>44,330,779</u>			
<b>WARRANTS — 0.1%</b>					
<b>Health Care Equipment and Supplies — 0.1%</b>					
80,907	AMD L Inc., expire 03/05/11† (a)(b) . . . . . 148,405	28,093			
<b>Principal Amount</b>					
<b>U.S. GOVERNMENT OBLIGATIONS — 14.9%</b>					
<b>U.S. Treasury Cash Management Bills — 7.1%</b>					
\$3,731,000	U.S. Treasury Cash Management Bills, 0.051% to 0.183%††, 04/29/09 to 06/24/09 . . . . . 3,729,091	3,729,333			
<b>U.S. Treasury Bills — 7.8%</b>					
4,076,000	U.S. Treasury Bills, 0.020% to 1.129%††, 01/08/09 to 06/25/09 . . . . . 4,073,569	4,073,421			
<b>TOTAL U.S. GOVERNMENT OBLIGATIONS . . . . .</b>					
	<u>7,802,660</u>	<u>7,802,754</u>			
<b>TOTAL INVESTMENTS — 100.0% . . . . .</b>					
	<u>\$64,537,935</u>	52,161,626			
<b>Other Assets and Liabilities (Net) . . . . .</b>					
		<u>459,911</u>			
<b>NET ASSETS — COMMON SHARES</b>					
	(8,474,459 common shares outstanding) . . . . .	<u>\$52,621,537</u>			
<b>NET ASSET VALUE PER COMMON SHARE</b>					
	(\$52,621,537 ÷ 8,474,459 shares outstanding) . . . . .	<u>\$6.21</u>			

(a) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2008, the market value of Rule 144A securities amounted to \$139,744 or 0.27% of total investments.

(b) Security fair valued under procedures established by the Board of Trustees. The procedures may include reviewing available financial information about the company and reviewing the valuation of comparable securities and other factors on a regular basis. At December 31, 2008, the market value of fair valued securities amounted to \$28,093 or 0.05% of total investments.

† Non-income producing security.  
†† Represents annualized yield at date of purchase.  
ADR American Depositary Receipt

**THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST**

**STATEMENT OF ASSETS AND LIABILITIES**

**December 31, 2008**

<b>Assets:</b>	
Investments, at value (cost \$64,537,935) .....	\$ 52,161,626
Cash .....	722
Receivable for investments sold .....	1,218,935
Dividends and interest receivable .....	66,973
Prepaid expense .....	<u>3,191</u>
<b>Total Assets</b> .....	<u>53,451,447</u>
<b>Liabilities:</b>	
Payable for investments purchased .....	470,713
Distributions payable .....	47,212
Payable for investment advisory fees .....	43,435
Payable for payroll expenses .....	22,168
Payable for accounting fees .....	7,500
Payable for shareholder communications expenses .....	185,919
Other accrued expenses .....	<u>52,963</u>
<b>Total Liabilities</b> .....	<u>829,910</u>
<b>Net Assets</b> applicable to 8,474,459 shares outstanding ..	<u>\$ 52,621,537</u>
<b>Net Assets consist of:</b>	
Paid-in capital, at \$0.001 par value .....	\$ 67,217,075
Accumulated distributions in excess of net investment income .....	(644)
Accumulated net realized loss on investments and foreign currency transactions .....	(2,218,852)
Net unrealized depreciation on investments .....	(12,376,309)
Net unrealized appreciation on foreign currency translations .....	<u>267</u>
<b>Net Assets</b> .....	<u>\$ 52,621,537</u>
<b>Net Asset Value per Common Share:</b>	
(\$52,621,537 ÷ 8,474,459 shares outstanding: unlimited number of shares authorized) .....	<u>\$6.21</u>

**STATEMENT OF OPERATIONS**

**For the Year Ended December 31, 2008**

<b>Investment Income:</b>	
Dividends (net of foreign taxes of \$7,747) .....	\$ 707,838
Interest .....	<u>190,496</u>
<b>Total Investment Income</b> .....	<u>898,334</u>
<b>Expenses:</b>	
Investment advisory fees .....	611,844
Shareholder communications expenses .....	477,182
Payroll expenses .....	105,572
Shareholder services fees .....	68,557
Legal and audit fees .....	65,077
Trustees' fees .....	59,490
Accounting fees .....	45,000
Custodian fees .....	2,824
Tax expense .....	1,004
Interest expense .....	1,000
Miscellaneous expenses .....	<u>40,671</u>
<b>Total Expenses</b> .....	1,478,221
Less: Custodian fee credits .....	<u>(2,604)</u>
<b>Net Expenses</b> .....	<u>1,475,617</u>
<b>Net Investment Loss</b> .....	<u>(577,283)</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency:</b>	
Net realized loss on investments .....	(2,210,586)
Net realized loss on foreign currency transactions .....	<u>(1,314)</u>
Net realized loss on investments and foreign currency transactions .....	<u>(2,211,900)</u>
Net change in unrealized appreciation/(depreciation): on investments .....	(12,234,916)
on foreign currency translations .....	<u>99</u>
Net change in unrealized appreciation/(depreciation) on investments and foreign currency translations .....	<u>(12,234,817)</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency</b> .....	<u>(14,446,717)</u>
<b>Net Decrease in Net Assets Resulting from Operations</b> .....	<u>\$ (15,024,000)</u>

See accompanying notes to financial statements.

**THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST**  
**STATEMENT OF CHANGES IN NET ASSETS**

	<u>Year Ended</u> <u>December 31, 2008</u>	<u>Period Ended</u> <u>December 31, 2007 (a)</u>
<b>Operations:</b>		
Net investment income/(loss) .....	\$ (577,283)	\$ 193,924
Net realized gain/(loss) on investments and foreign currency transactions .....	(2,211,900)	644,611
Net change in unrealized appreciation/(depreciation) on investments and foreign currency translations .....	<u>(12,234,817)</u>	<u>(141,225)</u>
<b>Net Increase/(Decrease) in Net Assets Resulting from Operations</b> .....	<u>(15,024,000)</u>	<u>697,310</u>
<b>Distributions to Common Shares:</b>		
Net investment income .....	(97,110)	(97,456)
Net realized short-term gain .....	<u>(326,612)</u>	<u>(326,267)</u>
<b>Total Distributions to Common Shares</b> .....	<u>(423,722)</u>	<u>(423,723)</u>
<b>Fund Share Transactions:</b>		
Net increase in net assets from common shares issued in offering .....	<u>—</u>	<u>67,695,672</u>
<b>Net Increase in Net Assets from Fund Share Transactions</b> .....	<u>—</u>	<u>67,695,672</u>
<b>Net Increase/(Decrease) in Net Assets</b> .....	<u>(15,447,722)</u>	<u>67,969,259</u>
<b>Net Assets:</b>		
Beginning of period .....	<u>68,069,259</u>	<u>100,000</u>
End of period (including undistributed net investment income of \$0 and \$96,466, respectively) .....	<u>\$ 52,621,537</u>	<u>\$68,069,259</u>

(a) The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust commenced investment operations on June 28, 2007.

See accompanying notes to financial statements.

# THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST

## FINANCIAL HIGHLIGHTS

Selected data for a common share outstanding throughout the period:

	<u>Year Ended</u> <u>December 31, 2008</u>	<u>Period Ended</u> <u>December 31, 2007 (a)</u>
<b>Operating Performance:</b>		
Net asset value, beginning of period .....	\$ 8.03	\$ 8.00
Net investment income/(loss) .....	(0.07)	0.02
Net realized and unrealized gain/(loss) on investments and foreign currency transactions .....	(1.70)	0.06
Total from investment operations .....	<u>(1.77)</u>	<u>0.08</u>
<b>Distributions to Common Shareholders:</b>		
Net investment income .....	(0.01)	(0.01)
Net realized short-term gain .....	(0.04)	(0.04)
Total distributions to common shareholders .....	<u>(0.05)</u>	<u>(0.05)</u>
<b>Net Asset Value, End of Period</b> .....	<u>\$ 6.21</u>	<u>\$ 8.03</u>
Net asset value total return † .....	<u>(22.03)%</u>	<u>1.00%</u>
Market value, end of period .....	<u>\$ 5.01</u>	<u>\$ 7.09</u>
Total investment return †† .....	<u>(28.63)%</u>	<u>(10.75)%</u>
<b>Ratios to Average Net Assets and Supplemental Data:</b>		
Net assets end of period (in 000's) .....	\$52,622	\$68,069
Ratio of net investment income/(loss) to average net assets .....	(0.94)%	0.56%(b)
Ratio of operating expenses to average net assets .....	2.41%	1.97%(b)
Portfolio turnover rate .....	122.0%	26.7%†††

† Based on net asset value per share at commencement of operations of \$8.00 per share, adjusted for reinvestment of distributions at the net asset value per share on the ex-dividend dates. Total return for a period of less than one year is not annualized.

†† Based on market value per share at initial public offering of \$8.00 per share, adjusted for reinvestment of distributions at prices obtained under the Fund's dividend reinvestment plan. Total return for a period of less than one year is not annualized.

††† Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the period ended December 31, 2007 would have been 60.6%.

(a) The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust commenced investment operations on June 28, 2007.

(b) Annualized.

See accompanying notes to financial statements.

# THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST

## NOTES TO FINANCIAL STATEMENTS

**1. Organization.** The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust (the “Fund”) is a non-diversified closed-end management investment company organized as a Delaware statutory trust on February 20, 2007 and registered under the Investment Company Act of 1940 as amended (the “1940 Act”), whose objective is long-term growth of capital. Investment operations commenced on June 28, 2007. The Fund had no operations prior to June 28, 2007, other than the sale of 12,500 common shares for \$100,000 to The Gabelli Equity Trust Inc. (the “Equity Trust”). On June 28, 2007, the Equity Trust contributed \$67,695,672 in cash in exchange for shares of the Fund, and on the same date distributed such shares to the Equity Trust holders of record as of June 21, 2007 at the rate of one share of the Fund for every twenty shares of the Equity Trust common stock.

Under normal market conditions, the Fund will invest at least 80% of its assets in equity securities and income producing securities of domestic and foreign companies in the healthcare and wellness industries.

**2. Significant Accounting Policies.** The preparation of financial statements in accordance with United States (“U.S.”) generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

*Security Valuation.* Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market’s official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Trustees (the “Board”) so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the “Adviser”).

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of 60 days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities’ fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than 60 days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value ADR securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

Statement of Financial Accounting Standard No. 157, “Fair Value Measurements” (“SFAS 157”) clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. The three levels of the fair value hierarchy under SFAS 157 are described below:

- Level 1 – quoted prices in active markets for identical securities;
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 – significant unobservable inputs (including the Fund’s determinations as to the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund’s investments, by inputs used to value the Fund’s investments as of December 31, 2008 is, as follows:

<u>Valuation Inputs</u>	<u>Investments in Securities (Market Value) Assets</u>
Level 1 – Quoted Prices	\$44,330,779
Level 2 – Other Significant Observable Inputs	7,830,847
Total	<u>\$52,161,626</u>

There were no Level 3 investments at December 31, 2007 or 2008.

## THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST

### NOTES TO FINANCIAL STATEMENTS (Continued)

In March 2008, the Financial Accounting Standards Board (the “FASB”) issued Statement of Financial Accounting Standard No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS 161”) that is effective for fiscal years beginning after November 15, 2008. SFAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity’s results of operations and financial position. Management is currently evaluating the implications of SFAS 161 on the Fund’s financial statement disclosures.

*Repurchase Agreements.* The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund’s holding period. It is the policy of the Fund to always receive and maintain securities as collateral whose market value, including accrued interest, are at least equal to 102% of the dollar amount invested by the Fund in each agreement. The Fund will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At December 31, 2008, there were no open repurchase agreements.

*Investments in other Investment Companies.* The Fund may invest, from time to time, in shares of other investment companies (or entities that would be considered investment companies but are excluded from the definition pursuant to certain exceptions under the 1940 Act) (the “Acquired Funds”) in accordance with the 1940 Act and related rules. As a shareholder in the Fund, you would bear the pro rata portion of the periodic expenses of the Acquired Funds in addition to the Fund’s expenses. During the year ended December 31, 2008, the Fund did not hold any investments in Acquired Funds.

*Options.* The Fund may purchase or write call or put options on securities or indices. As a writer of put options, the Fund receives a premium at the outset and then bears the risk of unfavorable changes in the price of the financial instrument underlying the option. The Fund would incur a loss if the price of the underlying financial instrument decreases between the date the option is written and the date on which the option is terminated. The Fund would realize a gain, to the extent of the premium, if the price of the financial instrument increases between those dates. If a written call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a written put option is exercised, the premium reduces the cost basis of the security.

As a purchaser of put options, the Fund pays a premium for the right to sell to the seller of the put option the underlying security at a specified price. The seller of the put has the obligation to purchase the underlying security upon exercise at the exercise price. If the price of the underlying security declines, the Fund would realize a gain upon sale or exercise. If the price of the underlying security increases or stays the same, the Fund would realize a loss upon sale or at the expiration date, but only to the extent of the premium paid.

In the case of call options, these exercise prices are referred to as “in-the-money”, “at-the-money”, and “out-of-the-money”, respectively. The Fund may write (a) in-the-money call options when the Adviser expects that the price of the underlying security will remain stable or decline during the option period, (b) at-the-money call options when the Adviser expects that the price of the underlying security will remain stable, decline or advance moderately during the option period, and (c) out-of-the-money call options when the Adviser expects that the premiums received from writing the call option will be greater than the appreciation in the price of the underlying security above the exercise price. By writing a call option, the Fund limits its opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option. Out-of-the-money, at-the-money, and in-the-money put options (the reverse of call options as to the relation of exercise price to market price) may be utilized in the same market environments that such call options are used in equivalent transactions. At December 31, 2008, the Fund had no investments in options.

*Futures Contracts.* The Fund may engage in futures contracts for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the “initial margin.” Subsequent payments (“variation margin”) are made or received by the Fund each day, depending on the daily fluctuations in the value of the contract, which are included in unrealized appreciation/depreciation on investments and futures contracts. The Fund recognizes a realized gain or loss when the contract is closed.

## THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST

### NOTES TO FINANCIAL STATEMENTS (Continued)

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. At December 31, 2008 there were no open futures contracts.

*Forward Foreign Exchange Contracts.* The Fund may engage in forward foreign exchange contracts for hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. At December 31, 2008, there were no open forward foreign exchange contracts in the Fund.

*Foreign Currency Translations.* The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at the current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gain/loss on investments.

*Foreign Securities.* The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the ability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

*Foreign Taxes.* The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

*Restricted and Illiquid Securities.* The Fund may invest without limit in illiquid securities. Illiquid securities include securities the disposition of which is subject to substantial legal or contractual restrictions. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity.

*Concentration Risks.* The Fund will invest a significant portion of its assets in companies in the healthcare and wellness industries. As a result, the Fund may be more susceptible to economic, political, and regulatory developments in this particular sector of the market, positive or negative, and may experience increased volatility to the Fund's NAV and a magnified effect in its total return.

*Securities Transactions and Investment Income.* Securities transactions are accounted for on the trade date with realized gain or loss on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date except for certain dividends which are recorded as soon as the Fund is informed of the dividend.

**THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

*Custodian Fee Credits and Interest Expense.* When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as “custodian fee credits.” When cash balances are overdrawn, the Fund is charged an overdraft fee equal to 110% of the 90 day Treasury Bill rate on outstanding balances. This amount, if any, would be included in “interest expense” in the Statement of Operations.

*Distributions to Shareholders.* Distributions to common shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, write-offs of net operating loss, and differing characterizations of distributions made by the Fund. Distributions from net investment income include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Fund. For the year ended December 31, 2008, reclassifications were made to decrease accumulated distributions in excess of net investment income by \$577,283 and decrease accumulated net realized loss on investments and foreign currency transactions by \$1,314, with an offsetting adjustment to paid-in capital.

The tax character of distributions paid during the years ended December 31, 2008 and December 31, 2007 was as follows:

	Year Ended December 31,	
	2008	2007
<b>Distributions paid from:</b>		
Ordinary income		
(inclusive of short-term capital gains) .....	\$423,722	\$423,723
Total distributions paid .....	\$423,722	\$423,723

*Provision for Income Taxes.* The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

At December 31, 2008, the difference between book basis and tax basis unrealized depreciation was primarily due to deferral of losses from wash sales for tax purposes.

As of December 31, 2008, the components of accumulated earnings/losses on a tax basis were as follows:

Accumulated capital loss carryforwards .....	\$ (1,540,875)
Net unrealized depreciation on investments and foreign currency translations .....	(13,054,019)
Other temporary differences* .....	(644)
Total .....	\$(14,595,538)

\* Other temporary differences are primarily due to adjustments on dividend payables.

At December 31, 2008, the Fund had net capital loss carryforwards for federal income tax purposes of \$1,540,875 which are available to reduce future required distributions of net capital gains to shareholders through 2016.

The following summarizes the tax cost of investments and the related unrealized appreciation/depreciation at December 31, 2008:

	Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Depreciation
Investments .....	\$65,215,912	\$655,402	\$(13,709,688)	\$(13,054,286)

**THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48") provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as a tax benefit or expense in the current year. In accordance with FIN 48, management has analyzed the Fund's tax positions taken on the federal and state income tax returns for all open tax years (the current and prior three tax years) and has concluded that no provision for income tax is required in the Fund's financial statements. Management's determination regarding FIN 48 may be subject to review and adjustment at a later date based on factors including, but not limited to, an on-going analysis of tax laws, regulations, and interpretations thereof.

**3. Agreements and Transactions with Affiliates.** The Fund has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a fee, computed weekly and paid monthly, equal on an annual basis to 1.00% of the value of the Fund's average weekly net assets. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio and oversees the administration of all aspects of the Fund's business and affairs.

During the year ended December 31, 2008, the Fund paid brokerage commissions on security trades of \$53,052 to Gabelli & Company, Inc. ("Gabelli & Company"), an affiliate of the Adviser.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the year ended December 31, 2008, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

As per the approval of the Board, the Fund compensates officers of the Fund, who are employed by the Fund and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser) and pays its affiliated portion of the cost of the Fund's Chief Compliance Officer. For the year ended December 31, 2008, the Fund accrued \$105,572, which is included in payroll expenses in the Statement of Operations.

The Fund pays each Trustee who is not considered to be an affiliated person an annual retainer of \$3,000 plus \$1,000 for each Board meeting attended in person and \$500 per telephonic meeting, and they are reimbursed for any out of pocket expenses incurred in attending meetings. In addition, the Audit Committee Chairman receives an annual fee of \$3,000, the Nominating Committee Chairman receives an annual fee of \$2,000, and the Lead Trustee receives an annual fee of \$1,000. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

**4. Portfolio Securities.** Purchases and proceeds from the sales of securities for the year ended December 31, 2008, other than short-term securities and U.S. Government obligations, aggregated \$68,398,070 and \$61,261,817, respectively.

Purchases and proceeds from the sales of U.S. Government obligations for the year ended December 31, 2008, other than short-term obligations, aggregated \$1,749,903 and \$1,730,000, respectively.

**5. Capital.** The Fund is authorized to issue an unlimited number of shares of beneficial interest (par value \$0.001). The Board has authorized the repurchase of its shares on the open market when the shares are trading on the NYSE at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the year ended December 31, 2008, the Fund did not have any transactions in shares of beneficial interest.

Transactions in common shares were as follows:

	<b>Period Ended</b>	
	<b>December 31, 2007(a)</b>	
	<b>Shares</b>	<b>Amount</b>
Initial seed capital . . . . .	12,500	\$ 100,000
Additional shares issued immediately		
prior to spin-off from the Equity Trust . . . . .	8,461,959	67,695,672
Net increase . . . . .	8,474,459	\$67,795,672

(a) The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust commenced investment operations on June 28, 2007.

**6. Indemnifications.** The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

**THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**7. Other Matters.** On April 24, 2008, the Adviser entered into an administrative settlement with the SEC to resolve the SEC's inquiry regarding prior frequent trading activity in shares of the GAMCO Global Growth Fund (the "Global Growth Fund") by one investor who was banned from the Global Growth Fund in August 2002. In the settlement, the SEC found that the Adviser had violated Section 206(2) of the Investment Advisers Act, Section 17(d) of the 1940 Act, and Rule 17d-1 thereunder and had aided and abetted and caused violations of Section 12(d)(1)(B)(i) of the 1940 Act. Under the terms of the settlement, the Adviser, while neither admitting nor denying the SEC's findings and allegations, agreed, among other things, to pay the previously reserved total of \$16 million (including a \$5 million penalty), of which at least \$11 million will be distributed to shareholders of the Global Growth Fund in accordance with a plan to be developed by an independent distribution consultant and approved by the independent directors of the Global Growth Fund and the staff of the SEC and to cease and desist from future violations of the above referenced federal securities laws. The settlement is not expected to impact the Fund and will not have a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement. On the same day, the SEC filed a civil action against the Executive Vice President and Chief Operating Officer of the Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer is also an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO fund complex including the Fund. The officer denies the allegations and is continuing in his positions with the Adviser and the funds. The Adviser currently expects that any resolution of the action against the officer will not have a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement.

In a separate matter, on January 12, 2009, the SEC issued an administrative action approving a final settlement of a previously disclosed matter with the Adviser involving compliance with Section 19(a) of the Investment Company Act of 1940 and Rule 19a-1 thereunder by two closed-end funds. These provisions require registered investment companies when making a distribution in the nature of a dividend from sources other than net investment income to contemporaneously provide written statements to shareholders, which adequately disclose the source or sources of such distribution. While the two funds sent annual statements and provided other materials containing this information, the shareholders did not receive the notices required by Rule 19a-1 with any of the distributions that were made for 2002 and 2003. The Adviser believes that the funds have been in compliance with Section 19(a) and Rule 19a-1 since the beginning of 2004. As part of the settlement, in which the Adviser neither admits nor denies the findings by the SEC, the Adviser agreed to pay a civil monetary penalty of \$450,000 and to cease and desist from causing violations of Section 19(a) and Rule 19a-1. In connection with the settlement, the SEC noted the remedial actions previously undertaken by the Adviser. The staff's notice to the Adviser did not relate to the Fund.

**THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST**  
**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Trustees and Shareholders of  
The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust (hereafter referred to as the “Trust”) at December 31, 2008, the results of its operations for the year then ended, and the changes in its net assets and the financial highlights for the year then ended and for the period June 28, 2007 (commencement of operations) through December 31, 2007, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Trust’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2008 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
February 27, 2009

**THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST**  
**ADDITIONAL FUND INFORMATION (Unaudited)**

The business and affairs of the Fund are managed under the direction of the Fund's Board of Trustees. Information pertaining to the Trustees and officers of the Fund is set forth below. The Fund's Statement of Additional Information includes additional information about the Fund's Trustees and is available without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust at One Corporate Center, Rye, NY 10580-1422.

Name, Position(s) Address <sup>1</sup> and Age	Term of Office and Length of Time Served <sup>2</sup>	Number of Funds in Fund Complex Overseen by Trustee	Principal Occupation(s) During Past Five Years	Other Directorships Held by Trustee <sup>4</sup>
<b><u>INTERESTED TRUSTEES<sup>3</sup>:</u></b>				
<b>Mario J. Gabelli</b> Trustee and Chief Investment Officer Age: 66	Since 2007***	26	Chairman and Chief Executive Officer of GAMCO Investors, Inc. and Chief Investment Officer – Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/Trustee or Chief Investment Officer of other registered investment companies in the Gabelli/GAMCO Funds complex; Chairman and Chief Executive Officer of GGCP, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board of LICF Corp. (multimedia and communication services company)
<b><u>INDEPENDENT TRUSTEES<sup>5</sup>:</u></b>				
<b>Thomas E. Bratter</b> Trustee Age: 69	Since 2007**	4	Director, President, and Founder of The John Dewey Academy (residential college preparatory therapeutic high school)	—
<b>Anthony J. Colavita</b> Trustee Age: 73	Since 2007*	36	Partner in the law firm of Anthony J. Colavita, P.C.	—
<b>James P. Conn</b> Trustee Age: 70	Since 2007**	18	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (insurance holding company) (1992-1998)	—
<b>Vincent D. Enright</b> Trustee Age: 65	Since 2007***	16	Former Senior Vice President and Chief Financial Officer of KeySpan Corporation (public utility) (1994-1998)	Director of Echo Therapeutics, Inc. (therapeutics and diagnostics)
<b>Robert C. Kolodny, MD</b> Trustee Age: 64	Since 2007*	2	Physician, author, and lecturer (self-employed) since 1983; General Partner of KBS Partnership, KBS II Investment Partnership, KBS III Investment Partnership, KBS IV Limited Partnership, KBS New Dimensions, L.P., KBS Global Opportunities, L.P. and KBS VII Limited Partnership (private investment partnerships) since 1981; Medical Director and Chairman of the Board of the Behavioral Medicine Institute since 1983	—
<b>Anthonie C. van Ekris</b> Trustee Age: 74	Since 2007***	20	Chairman of BALMAC International, Inc. (commodities and futures trading)	—
<b>Salvatore J. Zizza</b> Trustee Age: 63	Since 2007*	28	Chairman of Zizza & Co., Ltd. (consulting)	Director of Hollis-Eden Pharmaceuticals (biotechnology) and Earl Scheib, Inc. (automotive services)

**THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST**  
**ADDITIONAL FUND INFORMATION (Continued) (Unaudited)**

<b>Name, Position(s) Address<sup>1</sup> and Age</b>	<b>Term of Office and Length of Time Served<sup>2</sup></b>	<b>Principal Occupation(s) During Past Five Years</b>
<b>OFFICERS:</b>		
<b>Agnes Mullady</b> President and Treasurer Age: 50	Since 2007	Vice President of Gabelli Funds, LLC since 2007; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Senior Vice President of U.S. Trust Company, N.A. and Treasurer and Chief Financial Officer of Excelsior Funds from 2004 through 2005; Chief Financial Officer of AMIC Distribution Partners from 2002 through 2004
<b>Bruce N. Alpert</b> Secretary Age: 57	Since 2007	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988 and an officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex. Director and President of Teton Advisors, Inc. (formerly Gabelli Advisers, Inc.) since 1998
<b>Carter W. Austin</b> Vice President Age: 42	Since 2007	Vice President of the Gabelli Equity Trust Inc. since 2000, Vice President of The Gabelli Dividend & Income Trust since 2003, The Gabelli Global Gold, Natural Resources & Income Trust since 2005, The Gabelli Global Deal Fund since 2006, and the Fund since 2007; Vice President of Gabelli Funds, LLC since 1996
<b>Peter D. Goldstein</b> Chief Compliance Officer Age: 55	Since 2007	Director of Regulatory Affairs at GAMCO Investors, Inc. since 2004; Chief Compliance Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Vice President of Goldman Sachs Asset Management from 2000 through 2004
<b>David I. Schachter</b> Vice President Age: 55	Since 2007	Vice President of The Gabelli Utility Trust since 1999, The Gabelli Global Utility & Income Trust since 2004, The Gabelli Global Deal Fund since 2006, and the Fund since 2007; Vice President of Gabelli & Company, Inc. since 1999.
<b>Adam E. Tokar</b> Assistant Vice President & Ombudsman Age: 28	Since 2007	Assistant Vice President of the Fund since 2007; Portfolio Administrator for GAMCO Asset Management, Inc. since 2003; Student at Gettysburg College prior to 2003.

<sup>1</sup> Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.

<sup>2</sup> The Fund's Board of Trustees is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three year term. The three year term for each class expires as follows:

\* – Term expires at the Fund's 2009 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

\*\* – Term expires at the Fund's 2010 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

\*\*\* – Term expires at the Fund's 2011 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

<sup>3</sup> "Interested person" of the Fund as defined in the 1940 Act. Mr. Gabelli is considered an "interested person" of the Fund because of his affiliation with Gabelli Funds, LLC which acts as the Fund's investment adviser.

<sup>4</sup> This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended (i.e. public companies) or other investment companies registered under the 1940 Act.

<sup>5</sup> Trustees who are not interested persons are considered "Independent" Trustees.

**Certifications**

The Fund's Chief Executive Officer has certified to the New York Stock Exchange ("NYSE") that, as of June 17, 2008, she was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund reports to the SEC on Form N-CSR which contains certifications by the Fund's principal executive officer and principal financial officer that relate to the Fund's disclosure in such reports and that are required by Rule 30a-2(a) under the 1940 Act.

**THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST**  
**INCOME TAX INFORMATION (Unaudited)**  
**December 31, 2008**

**Cash Dividends and Distributions**

	<u>Payable Date</u>	<u>Record Date</u>	<u>Total Amount Paid Per Share</u>	<u>Ordinary Investment Income</u>	<u>Dividend Reinvestment Price</u>
<b>Common Shares</b>					
	12/29/08	12/22/08	\$0.05000	\$0.05000	\$4.96360
	12/28/07	12/21/07	0.05000	0.05000	7.09030

A Form 1099-DIV has been mailed to all shareholders of record for the distributions mentioned above, setting forth specific amounts to be included in the 2008 tax returns. Ordinary income distributions include net investment income and realized net short-term capital gains. Ordinary income is reported in box 1a of Form 1099-DIV.

**Corporate Dividends Received Deduction, Qualified Dividend Income, and U.S. Treasury Securities Income**

The Fund paid to common shareholders an ordinary income distribution of \$0.05000 per share in 2008. For the year ended December 31, 2008, 14.79% of the ordinary distribution qualified for the dividends received deduction available to corporations, and 14.36% of the ordinary income distribution was qualified dividend income. The percentage of ordinary income distributions paid by the Fund during 2008 derived from U.S. Treasury securities was 0.00%. Such income is exempt from state and local tax in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of its fiscal year in U.S. Government securities. The Fund did not meet this strict requirement in 2008. The percentage of net assets of U.S. Government securities held as of December 31, 2008 was 14.83%.

**Historical Distribution Summary**

<b>Common Shares</b>	<u>Investment Income (a)</u>	<u>Short-Term Capital Gains (a)</u>	<u>Total Distributions</u>
2008 .....	\$0.0114	\$0.0386	\$0.0500
2007 .....	0.0115	0.0385	0.0500

(a) Taxable as ordinary income for federal tax purposes.

All designations are based on financial information available as of the date of this annual report and, accordingly, are subject to change. For each item, it is the intention of the Fund to designate the maximum amount permitted under the Internal Revenue Code and the regulations thereunder.

The Annual Meeting of The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust's shareholders will be held on Monday, May 18, 2009 at the Greenwich Library in Greenwich, Connecticut.

## **THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST AND YOUR PERSONAL PRIVACY**

### **Who are we?**

The Gabelli Healthcare & Wellness<sup>Rx</sup> Trust (the “Fund”) is a closed-end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC, which is affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries that provide investment advisory or brokerage services for a variety of clients.

### **What kind of non-public information do we collect about you if you become a shareholder?**

When you purchase shares of the Fund on the New York Stock Exchange, you have the option of registering directly with our transfer agent in order, for example, to participate in our dividend reinvestment plan.

- *Information you give us on your application form.* This could include your name, address, telephone number, social security number, bank account number, and other information.
- *Information about your transactions with us.* This would include information about the shares that you buy or sell; it may also include information about whether you sell or exercise rights that we have issued from time to time. If we hire someone else to provide services—like a transfer agent—we will also have information about the transactions that you conduct through them.

### **What information do we disclose and to whom do we disclose it?**

We do not disclose any non-public personal information about our customers or former customers to anyone other than our affiliates, our service providers who need to know such information, and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its website, [www.sec.gov](http://www.sec.gov).

### **What do we do to protect your personal information?**

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the Fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

**TRUSTEES AND OFFICERS**  
**THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST**  
**One Corporate Center, Rye, NY 10580-1422**

***Trustees***

Mario J. Gabelli, CFA  
*Chairman & Chief Executive Officer,*  
*GAMCO Investors, Inc.*

Dr. Thomas E. Bratter  
*President & Founder, John Dewey Academy*

Anthony J. Colavita  
*Attorney-at-Law,*  
*Anthony J. Colavita, P.C.*

James P. Conn  
*Former Managing Director &*  
*Chief Investment Officer,*  
*Financial Security Assurance Holdings Ltd.*

Vincent D. Enright  
*Former Senior Vice President &*  
*Chief Financial Officer,*  
*KeySpan Corp.*

Robert C. Kolodny, MD  
*Physician, Author, and Lecturer,*  
*General Partner of KBS Partnership*

Anthonie C. van Ekris  
*Chairman, BALMAC International, Inc.*

Salvatore J. Zizza  
*Chairman, Zizza & Co., Ltd.*

***Officers***

Agnes Mullady  
*President and Treasurer*

Bruce N. Alpert  
*Secretary*

Carter W. Austin  
*Vice President*

Peter D. Goldstein  
*Chief Compliance Officer*

David I. Schachter  
*Vice President*

Adam E. Tokar  
*Assistant Vice President & Ombudsman*

***Investment Adviser***  
Gabelli Funds, LLC  
One Corporate Center  
Rye, New York 10580-1422

***Custodian***  
The Bank of New York Mellon

***Counsel***  
Willkie Farr & Gallagher LLP

***Transfer Agent and Registrar***  
Computershare Trust Company, N.A.

***Stock Exchange Listing***

NYSE-Symbol:  
Shares Outstanding:

Common  
GRX  
8,474,459

The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading “Specialized Equity Funds,” in Monday’s The Wall Street Journal. It is also listed in Barron’s Mutual Funds/Closed End Funds section under the heading “Specialized Equity Funds.”

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting [www.gabelli.com](http://www.gabelli.com).

For general information about the Gabelli Funds, call **800-GABELLI** (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds’ Internet homepage at: [www.gabelli.com](http://www.gabelli.com), or e-mail us at: [closedend@gabelli.com](mailto:closedend@gabelli.com)

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may, from time to time, purchase its common shares in the open market when the Fund’s shares are trading at a discount of 10% or more from the net asset value of the shares.

# THE GABELLI HEALTHCARE & WELLNESS<sup>Rx</sup> TRUST

One Corporate Center, Rye, NY 10580-1422

Phone: 800-GABELLI (800-422-3554)

Fax: 914-921-5118 Internet: [www.gabelli.com](http://www.gabelli.com)

e-mail: [closedend@gabelli.com](mailto:closedend@gabelli.com)

GRX Q4/2008